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DISPERSION OF MILITARY HARDWARE AND THE UNITY OF THE PIA

Peking has developed a complex system for producing and distributing material to the PIA. Control is highly centralized. Although production facilities for major military equipment lie, in large part, in and around the industrial centers of China, no one military region (MR) can produce internally all categories of military supplies. Military production in China is dependent upon a well developed network which funnels raw materials and component parts from every part of China to the factories which produce the end items. Distribution of military goods also follows the same inter-regional pattern with Peking remaining the nerve center.

Some MR's are much better off than others in respect to the production of end items of military hardware. The Shenyang MR, with nearly 20 percent of the PIA disposed within its borders (see Figure 1), comes closest to being able to provide itself with conventional weapons and material.

Because the other twelve MR's are less self-sufficient in the production of military goods than is Shenyang, interdependency among the military regions becomes a matter of vital necessity.

Production Pattern for Selected Military End Items

The Shenyang aircraft industry provides China with its only present domestic supply of military aircraft. Figure 3, however, indicates that parts for these aircraft come from suppliers located in at least four other military regions.

The Shenyang MR has the greatest concentration of ordnance plants, but substantial production also occurs in plants located within the Ch'engtu, Canton, Peking, and Lanchow MR's as well. Known small arms plants are found within the Shenyang, Ch'engtu, Nanking, and K'ungming MR's although virtually every machine plant in China could turn out limited quantities of small arms on a hand tool basis. Artillery, which is more difficult to produce, comes from plants within the Shenyang, Peking, Nanking, and Inner Mongolia MR's.

A plant located at Ch'angch'un (Shenyang MR) produces 80 percent of China's trucks, but the Tsinan and Nanking MR's also contribute parts and completed trucks. The Pao T'ou plant (Inner Mongolia MR) produces all of China's tanks, but tank R&D occurs at a

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facility within the Peking MR, and component parts are supplied by facilities within the Shenyang MR.

China is now self-sufficient in terms of petroleum production and refining. However, only seven of China's thirteen military regions have any production or refining capability. Three of these seven -- the Shenyang, Lanchou, and Sinkiang MR's -- have both production and refining facilities sufficient to fill the long term needs of an independent region.

Percentage of Total Production and Refining by MR

	<u>Production</u>	<u>Refining</u>
Shenyang	55	37.5
Lanchou	26	34.5
Sinkiang	13	11
Nanking	--	13.5
Tsinan	3	--
Canton	2	2
Ch'engtu	1	1.5

Logistic Support and Distribution System

The PIA maintains 308 storage depots with the greatest numbers coincident with the greatest concentrations of troops (60 percent of the PIA are disposed in a 150 nautical mile belt along the east coast). The system is believed to operate as follows: Supply requisitions originate within the local MR and are forwarded from MR headquarters to the Ministry of National Defense (MND) in Peking. The MND then refers the requisition to the appropriate office or ministry of machine building which, in turn, remits the request to an individual production facility within its jurisdiction. Finally, the production facility sends the ordered goods to a designated depot within the requesting MR. In rare cases, priority orders may pass directly between the MR and a production facility, but such orders would fill an emergency need for a particular item and in no way represent the standard process for procurement.

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MEMORANDUM FOR: Director, Office of Economic Research  
THROUGH : Director, Office of Strategic Research  
THROUGH : Chief, Theater Forces Division, OSR  
SUBJECT : Request by Mr. Barnett, State Department, for  
Information on China

Attached is a response to the question about regional interdependence in Communist China's military production and supply posed by Mr. Barnett, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, Department of State.

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Chief, China Branch, D/TF

Attachment:  
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